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“DEVELOPMENT OF A MARKETING PLAN FOR A NEW BUSINESS MODEL OF EDP COMERCIAL
or HOW CAN EDP BE THE UBER AND NOT THE TAXI DRIVER”

POSITIONING, PROCESS AND PEOPLE

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1. Positioning

“Positioning is the act of designing a company’s offering and image to occupy a distinctive place in the minds of the target market” (Kotler & Keller, 2012), being the last step on the Marketing Strategy development after Segmentation and Targeting.

According to the primary and secondary data collected¹, the Portuguese population seems behaviourally homogeneous concerning electricity-related issues. Thus, only demographic segmentation variables were used since they impact the service design in different ways. It can be noticed that families² have a higher propensity to take the next step and invest in renewables. Moreover, the living arrangements are pointed out as one of the main constraints when talking about renewables' adoption and, once they are considered as the next step to take, their adoption is extremely dependent on financial availability/stability³. Taking this into account, two target markets were selected: families who live in apartments and families who live in villas⁴ both with financial availability (see exhibit 1).

With the target markets selected, an overall positioning must be developed. For that matter, two different approaches can be considered: the competition-based perspective and the customer-based perspective. While the first “is particularly important when a new brand is being introduced to the market and consumers strive to relate it to brands and product categories that are familiar”, the other “is used to enrich and deepen a brand’s position by situating it in the customers’ lives” (Tybout & Calder, 2010). Considering this, the chosen approach was the competition-based perspective since the project involves the introduction of a new brand into the market, “emphasising how a brand is similar to competitors' offerings in some dimensions and superior on other dimensions” (Tybout & Calder, 2010).

Bearing this in mind, there are two steps that must be taken on this approach: the

¹ For further detail, consult the Group Report.

² Consider as families an household constituted by more than one person.

³ For a household to have financial availability/stability its yearly disposable income should be higher than the national average that was, in 2014, of 28737,4 € (INE, 2016 Nov.)

⁴ Villas are single houses.

establishment of the category membership and the identification of points of difference. As for the first one, a brand might be allocated to a certain category, establishing a sense of frame of reference on the consumers' minds where certain characteristics, also called points of parity, are already expected to be presented by the brand, on the second one the distinctive characteristics are pointed out as differentiators and they reveal the brand's key competitive strengths and insights about consumers' motivation for using the category.

Based on the primary data collected, one of the main reasons for adopting renewables is to save money on the electricity bill. Therefore, this can be considered a point of parity concerning solar solutions (frame of reference for *edp + solar*). At the same time, both targets present high aversion to the high initial investment needed and the living arrangements constraint must be overcome regarding the apartments' segment. Thus, a solution was developed to face these challenges - saving money at a low commitment/cost and overcoming the living arrangements constraint - while trying to minimise the trade-off effects⁵.

Taking this into account and to better understand the consumer perceptions in terms of solar solutions, a positioning map was constructed (see exhibit 2), comparing the existing solar solutions in the market versus the new proposed solution for EDP Comercial⁶ (Wirtz & Lovelock, 2016). The two criteria implicit in the aforementioned trade-off were the ones used, e.g. level of savings and investment.

To sum up the overall positioning, a positioning statement should be developed (Tybout & Calder, 2010). However, instead of one, two target markets were selected. Therefore, two positioning statements must be developed because, even if both seek for new ways to save money on their electricity bill, they present different problems to be overcome.

1.1 Positioning statement

The positioning statement is "the most common way of expressing the meaning of a brand"

⁵ Level of savings vs. level of investment – further developed on the Group Report.

⁶ Assume that here on after the term "EDP" stands for "EDP Comercial".

(Tybout & Calder, 2010) and it comprises four points: the target, the frame of reference, the point(s) of difference and the reasons to believe.

1.1.1 *edp + solar* – Building Solution’s positioning statement

To families that live in a building and seek new ways of saving on their electricity bill and do not have the space (Target Market), *edp + solar* is a brand of solar energy solutions (Frame of Reference) that offers a turnkey no hassle building solution at no cost (POD) powered by EDP, a well-established company for more than 40 years that assures the excellence of the service provided regarding energy flows and other additional services such as consumption/production tracking and maintenance (Reason to Believe).

1.1.2 *edp + solar* – Villa Solution’s positioning statement

To families that live in a villa and seek new ways of saving on their electricity bill and do not have the resources to invest (Target Market), *edp + solar* is a brand of solar energy solutions (Frame of Reference) that offers a turnkey no hassle solution at no cost (POD) powered by EDP, a well-established company for more than 40 years that assures the excellence of the service provided regarding energy flows and other additional services such as consumption/production tracking and maintenance (Reason to Believe).

2. Services Mix

2.1 Process

“Processes are the underlying architecture of services, (...) [they] describe the method and sequence in which service operating systems work, specify how they link together to create the value proposition promised to the customers” (Wirtz & Lovelock, 2016). In fact, processes might determine the service’s success. If a process is poorly designed it can damage frontline employees’ performance, thus the service quality and the customers’ satisfaction, leading to lower levels of customer loyalty and revenues (Frei & Morriss, 2012). Therefore, it is crucial to design an efficient process that strives to excel (Wirtz & Lovelock, 2016).

In order to complete this task, two tools were developed to better describe the process design: a flowchart and a service blueprint. Moreover, the potential to excel was assessed by implementing the Service Excellence framework developed by Frances Frei.

2.1.1 Process Design

2.1.1.1 *edp* + *solar* flowchart

“Flowcharting is a technique for displaying the nature and sequence of the different steps involved when a customer ‘flows’ through the service process” (Wirtz & Lovelock, 2016). Two flowcharts had to be designed (see exhibit 3), one per segment addressed. While the villa solution presents a similar service flow to the current EDP solar solutions, the building solution is way more complex. Both processes are initiated when the prospect takes the initiative to run a simulation (online or by phone) being contacted by phone afterwards to confirm the interest. However, the building solution process takes longer (up to three months) due to the need to contact the neighbours and make them reach an agreement. For the villas the decision-making unit is singular and, therefore, the process should not take longer than one month (exceptions might happen due to weather conditions in both cases). Looking in more detail, the process flows for both solutions present some differences. On one hand, after being initiated by the customer, the villa solution process includes an on-site evaluation of the living arrangements’ conditions leading to a final contract proposal that has to be accepted by the customer. Afterwards, only the solar panel(s) installation process is missing in order to complete the subscription stage. On the other hand, for the building solution process once the first customer in a specific building runs the simulation and confirms the interest, all the other households within the same building start to be contacted by phone, if the majority ($\geq 50\%$) are already EDP Comercial’s clients, or by door-to-door salespeople, if the ratio of EDP Comercial’s clients does not cover the 50%. This is justified by the fact that acquiring clients normally implies a higher investment and a bigger effort due to the level of customers’

commitment to their current electricity provider. After getting all households' answers, an on-site evaluation of the living arrangements' conditions is conducted leading to a final contract proposal that, this time, has to be accepted by all the prospects interested in joining the collective solution. This final contract proposal might suffer several adjustments depending on the agreement level of the involved parties. After signing the contract, the solar panels are installed. Furthermore, while villas can acquire the service whenever they want, people who live in apartments can only join the solution every six months after the first contract in order to be easier for the company to deal with all the logistics needed and to adjust rental prices. In both solutions, in case of contract breach, either the client gets another person within the same villa (case of moving houses) or within the same building (case of moving houses or getting another household interested) to assume his/her contract, or otherwise the exit mechanisms⁷ are initiated. After breaching the contract or simply not renewing it, the solar panels can be reused in another client's roof. Besides all the aforementioned service peculiarities, the rest of the process will be really simple - EDP presents the bill and the clients pay the rent.

2.1.1.2 *edp* + solar service blueprint

“Blueprinting is a more complex form of flowcharting and specifies in detail how a service process is constructed, including what is visible to the customer and all that goes on in the back-office” (Wirtz & Lovelock, 2016). Once again, two blueprints were developed, one for each target market as it can be seen in detail on the exhibit 4, where potential fail points (risky stages that should be better monitored) and customer waiting points were identified.

2.1.2 Service Excellence

According to this framework (Frei, 2008; Frei & Morriss, 2012), for a service to excel four dimensions must be taken into account: the offering, the funding mechanism, the customer management system and the employee management system.

⁷ As mentioned in the Group Report (Pricing chapter).

2.1.2.1 The Offering

The Offering is the first step in the process design's assessment. "To create a successful service offering, managers need to determine which attributes to target for excellence and which to target for inferior performance" (Frei & Morriss, 2012). In fact, in order to excel, a company cannot heavily invest in every single service attribute mainly because the target market(s) might not require that service level. Thus, it is possible to obtain better results while satisfying customers and avoiding a waste of resources at the same time.

In order to identify which attributes to target for excellence and for inferior performance, operational market segments and the attributes valued by them must be identified. Then, an attribute map must be developed in order to assess if the service is performing in accordance to customers' requirements and above its competitors. Operational market segments might differ from the marketing ones. They are developed exclusively based on the different service priorities, depending on how differently customers value service attributes and, therefore how they require different process designs. However, once the overall population behaves in a homogeneous way only constrained by external factors like living arrangements, it can be said that the operational market segments match the marketing ones already explored⁸. Once the solution is designed to address both segments, two attribute maps must be developed (see exhibit 5) because the level required of each attribute differs depending on the segment as well as the way they are ranked. With that being said, the attributes identified are a low initial investment, effortless process, free maintenance, acquisition process' speed, high customer service responsiveness, convenience/location, proactive follow-up and adjustability to living arrangements for this order of importance concerning the villas' segment. This rank slightly changes concerning the building's segment, with the criterion "adjustability to living arrangements" being considered as the most important one followed by all the other in the same order. Based on this and looking at the attribute maps developed (see exhibit 5), it can

⁸ For further detail, please consult the Group Report.

be concluded *edp + solar* has the potential to excel in both segments specially since in the buildings segment there is no competition. Unlike its competitors that fail in one of the most important attributes - the low initial investment -, *edp + solar* offering matches the consumers' requirements. However, it is possible to notice that this solution over performs on the convenience/location attribute which can be justified by the strategic goal of market penetration.

2.1.2.2 The Funding Mechanism

In order to not bear all the costs needed to get excellence, a company must find a way to fund itself. There are four ways to do it: charge customers extra for it in a palatable way, make cost reductions that also improve service, make service improvements that also reduce cost or to get customers to do the work for the company.

As aforementioned, *edp + solar*'s process only starts when the customer takes the initiative to run a simulation online or by phone. Taking customers online is the company's ultimate goal not only because it cuts costs by sparing employees' time, but also because it is a more efficient and faster way to deliver the service by avoiding making customers wait (e.g. waiting for a phone call or stores' queue line), thus increasing their satisfaction. Moreover, customers tend to avoid telemarketing and feel the need to first discuss with their peers when it comes to medium-to-high involvement decisions, therefore the online channel is the one that presents the lowest level of hassle and pressure to them. However, the phone channel has to be available in order to be possible for everyone to get the solution.

Furthermore, there is a moderate participation level from the customer due to the solution's degree of customization and to the need of co-creation in the early stages of the process. This is enhanced in the building solution due to the role that customers can perform as influencers over their neighbours. In this way, *edp + solar* gets customers to do the work not only by cutting costs with the online self-service provision (*do-it-yourself* simulation) but also by

transforming customers into salespeople giving them proper incentives such as extra savings.

2.1.2.3 The Customer Management System

For performing such important role in the *edp + solar*'s process, customers must be compensated and EDP must set them up not to fail. This clearly happens for both solutions just by not annoying them with phone calls and giving the opportunity to perform everything online. Furthermore, the online simulation questions (see exhibit 6) are designed in order to make it easier and effortless for customers to answer.

Moreover, the customer management system goes even further in the building solution where customers are clearly instructed by email (after the first contact) with a detailed simulation that shows how much the price per month decreases per additional person in the solution, and with a detailed brochure that can be shared with the neighbours explaining all the process. Additionally, knowing that this solution can be too complex to be explained by someone with no training, when the process is started by someone, EDP Comercial analyses the potential of each building as consumer unit and triggers, in parallel, a customer acquisition process using door-to-door salesforce or telemarketing as mentioned before.

2.1.2.4 Employee Management System

The last but not less important part to assess service excellence is the employee management system. In fact, "frontline employees are a key input for delivering service excellence and competitive advantage" (Wirtz & Lovelock, 2016) since they are in charge for the majority of the interactions with customers. Their relevance justifies just by itself another "P" in the Services Mix - People, as it will be further developed in the next chapter.

2.2 People

In this part of the Services Mix, all the service players must be included, from customers to employees. As for the first ones, their role in the process was already explained in detail including the co-creation and the customer-to-customer processes. This chapter will focus

only on the latter ones - the service personnel.

"In a service model that works, employees are reasonably able and reasonably motivated to achieve excellence. The able part is made possible by selection, training, and job designs that set up real-world employees to succeed. The motivated part is facilitated by a performance management system that makes them want to do their jobs effectively" (Frei & Morriss, 2012). For this exercise, it is important to understand who these employees are, which activities they perform and which incentives they have.

Looking at the aforementioned process design, several different groups of service personnel can be identified. They are the outsourced call-centre employees, the in-store salespeople, the door-to-door salespeople, the agents (also known as external sales representatives), the technicians/engineers and the *edp + solar* management team composed of one team director and five product managers - four for the building solution (one per region: Grande Lisboa, Grande Porto, Norte/Centro and Sul/Ilhas) and one for the villa solution (integrating the EDP current solar solutions team).

While the first ones are responsible for the telemarketing campaigns and for customer service, the in-store salespeople and the agents perform similar activities like customer service and sales/payment support and door-to-door salespeople are only in charge of selling the solutions. Additionally, the engineers/technicians are responsible for the technical support, solution installation, maintenance assistance and technology development and improvement. Finally, the activities allocated to the *edp + solar* Team Director consist on supervision, decision making and product, process and marketing management while the product managers monitor the respective sales force teams.

2.2.1 Training

More important than defining job positions and allocating activities is to guarantee that employees are set up to succeed. For that matter, training activities must be employed in order

to ensure that all the personnel has the necessary tools to excel on customer service whilst being aligned amongst them. Moreover, by leading to higher performance levels, training activities also contribute to the improvement of employees' motivation.

In this sense, training programs should be implemented at least once per year in order to align goals or when new people join the sales force teams. It is important to mention that this effort should be bigger in the beginning with the solutions' introduction in the market.

Besides the instruction provided, some scripts related to customer service and support must be available for employees to consult (see exhibit 7). This guidance provided is extremely helpful on the job performance, mainly concerning the agents and the call centre that because it is outsourced is more difficultly controlled.

2.2.2 Incentive System

Incentive systems are crucial for keeping employees motivated while performing their job functions. In fact, motivated personnel present higher probabilities to excel. Incentives may be monetary and/or non-monetary. However, due to the high investment needs already associated with this project, the first ones will only apply to the agents that currently earn a 10% commission of sales⁹. Regarding other service players, for the management and technical teams the incentives are given are job promotions and for the sales teams, additionally to that, more “practical” incentives are attributed to reward the extra effort they have in persuading the customers to buy the *edp + solar* solution. Examples of these incentives are the free EDP's products/services (e.g. Re:dy or Funciona) for a full-year when a door-to-door salesperson has sold 180 *edp + solar* solutions in the previous year or the granting of extra five vacation days for the best in-store salesperson of the previous year. In this incentive scheme, only the call-centre was left out since it is an outsourced entity with its own incentive system. Moreover, incentives for selling *Energia Solar EDP*' offerings should be reviewed to prevent clashes and hurdles when selling *edp + solar*.

⁹ Information provided by EDP Comercial.

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